

FY15 Southside Economic Development

Summaries & Staff Recommendations – December 2014

The Commission received nine new funding requests in October for the available Southside Economic Development balances (FY15 budget plus funds carried forward from previous years). Project summaries provided by the applicants, and staff comments and recommendations are included below for these new requests. Other Business regarding older grants seeking time extensions are also included in this report.

Req #	Locality	Organization Name	Project Title	Allocation Available	Request Amount	Staff recommendation
2971	<i>Brunswick</i>	Town of Alberta	Tobacco Heritage Trail - Alberta Section	<i>\$3,281,646</i>	\$205,011	0
2975		Town of Brodnax	Brodnax Depot Renovation Project		\$129,383	\$121,030
2976		Brunswick County IDA	Rawlings I-85 Exchange WWTP		\$622,118	table
2969	<i>Franklin</i>	Town of Boones Mill	Boones Mill Industrial Park Revitalization Project	<i>\$238,280</i>	\$238,280	\$238,280
2974	<i>Greenville</i>	Greenville County	Potable water storage-Exit 4	<i>\$ 42,865</i>	\$42,865	\$42,865
2968	<i>Mecklenburg</i>	Mecklenburg County	Microsoft Ridge Road Upgrade Project	<i>\$1,152,704</i>	\$1,064,957 \$1,152,704	\$1,152,704
2967	<i>Pittsylvania</i>	Town of Chatham	Chatham Water Treatment Plant Improvements	<i>\$3,868,132</i>	\$437,075	\$205,150
2970		Pittsylvania County	Pittsylvania County Career & Technical Center - Industrial Maintenance Technology Program		\$721,983	\$721,983
2972	<i>Prince Edward</i>	Town of Farmville	Regional Aquaculture Processing Facility	<i>\$194,464</i>	\$194,000	\$194,000

Total (9 requests/7 recommendations)

\$3,743,419

\$2,676,027

BRUNSWICK

Alberta, Town of

Tobacco Heritage Trail - Alberta Section (#2971)

\$205,011 requested

Executive summary provided by applicant: The longest section of the Tobacco Heritage Trail, located in Brunswick County, opened in April 2014. This segment runs from Brodnax to Lawrenceville, for a total of 14+/- miles. The Town of Alberta, which is adjacent to Lawrenceville, is pursuing to have a segment of the THT built downtown. This segment of trail will be .6 miles long, starting right behind the recently renovated caboose, routing to the Alberta School Park. Currently, there is not a connecting section between Lawrenceville and Alberta, but will be planned for a future phase. Southside Virginia is a beautiful, but economically depressed area that is experiencing the effects of the demise of tobacco farming and the loss of domestic textile manufacturing that was responsible for thousands of jobs. In July 2014, the unemployment rate for Brunswick is 9.10%, while Virginia's rate was 5.6%. Tourism and agri-tourism have been identified as much needed economic alternatives to boost the sagging regional economy. According to an economic impact study prepared in 2006 on the THT, the overall annual economic impact of the visitor spending in the five county region is estimated to be \$4.6 million. Among those, \$3.4 million is direct spending on food, lodging, transportation, and other services. Currently in downtown Alberta there is a gas station, 2 hair salons, consignment store and a Family Dollar is located just outside the downtown area. The developed trail will draw tourists to downtown Alberta, increasing consumer spending at local establishments. The development of a trail system that will travel through many small towns and miles of agricultural land including many former tobacco farms offers numerous entrepreneurial opportunities to farmers and residents. In similar projects, ancillary businesses emerged - B&Bs, rental units, camping, food service, bicycle livery, horse stabling and feed sales. Bike tours, club rides, as well as festivals and other annual events centered on the trail system are venues that attract visitors and enhance economic impact.

Staff comments and recommendation: Grant funds are requested for 50% of \$411,261 estimated project costs (\$138,500 contractual and \$272,761 construction) for construction of a 0.6 mile trail segment in the Town of Alberta. The proposed trail section is the eastern entry point for the recommended prioritization identified as Phase 4, Region 8—Meherrin to Alberta trail area in the Tobacco Heritage Trail Overall Master Plan. Meanwhile the applicant identified that priority for trail construction by the Roanoke River Rails to Trails organization is in “urbanized” areas noting that the strategic location of this segment just off I-85 will serve as a point of entry for trail users and is important for marketing of the trail. This Alberta section is part of the former Virginian Railroad, which has a two-mile section of trail completed that runs through the town of Victoria located ~ 25 miles from Alberta. While the application represents the trail in Alberta as “adjacent” to Lawrenceville, it also clarifies that there are currently no connecting sections running north to south to bridge the ~ 13 mile distance between the two towns. VDOT Match budgeted at 50% is substantially less than the 80% eligible to be requested and the applicant explained this is to make the project more competitive for the limited VDOT funding. The Commission has previously awarded \$1.29 million supporting master planning, and engineering and construction funding to match VDOT awards for development of the Tobacco Heritage Trail. Staff has concerns that the proposed trail segment is too small and disconnected from existing trail segments to reasonably attract a large number of visitors, and is more likely to primarily serve as a community recreational amenity, which is a low funding priority for the Commission. At a future date when this section can be connected to the larger completed trail, construction of this segment can be revisited. **Staff recommends no award.**

Town of Brodnax
Brodnax Depot Renovation Project (#2975)
\$129,383 requested

Executive summary provided by applicant: The Town of Brodnax is requesting TICR and VDOT MAP-21 funds to purchase & renovate the vacant railroad Depot located in downtown Brodnax alongside the Tobacco Heritage Trail (THT) to serve as a Visitor Center and Trailhead. Funds will also be used to purchase bikes/equipment to facilitate the opening of a bike rental business to be owned, operated and maintained by Brodnax. This effort is expected to result in increased visitor use of the THT and increased visitor spending and tax revenue for the region. A total of 20 jobs will be created to provide services to trail visitors. The abandoned 2,530 square-foot dilapidated railroad Depot located in downtown Brodnax has been vacant for years and most recently utilized for industrial storage space. Following the development of the THT in Mecklenburg and Brunswick Counties, it became apparent that the Town needed to identify the Depot owner, negotiate acquisition terms, and renovate the facility to serve THT visitors. The initial obstacle was securing ownership; after months of research, legal advisement, and meetings with the owner, an Option Contract was prepared. Grant funds are now needed for acquisition and renovation improvements to prevent further deterioration of this valuable historic structure. The proposed project will result in the acquisition and renovation of the Depot to serve as a Visitor Center and Trailhead to serve THT visitors. The vacant deteriorating Depot will once again serve as a viable structure in downtown Brodnax that will support the THT equipped with handicap accessible bathrooms, a town-operated bike rental business, and museum to portray old railroad and farm memorabilia reflective of the era. The introduction of a bike rental business to attract visitors will be the first in the 5-county THT region. The renovated Depot will spur downtown activity and encourage utilization of the trail. According to the Economic Impact Study for the Tobacco Heritage Trail prepared by Chmura Economics & Analytics, the trail, for the 5-county area, conservatively could attract 197,000 visits a year. Phase I development of the THT (trail between Lawrenceville and Clarksville) is expected to result in direct visitor spending totaling \$1.1 million. Adding the indirect and induced effect, the trail visitor spending for Phase I could generate \$1.5 million in total economic impacts. A total of 20 jobs will be created in the Phase I region to mostly industries that provide services for visitors such as restaurants, lodging, and retail.

Staff comments and recommendation: Funds are requested for 30% of estimated costs for acquisition and renovations to the historic railroad depot in the Town of Brodnax on the western edge of Brunswick County. The proposed project would reclaim the vacant depot building at the corner of Railroad and Main Street (within one-tenth of a mile off US Route 58), making improvements to the 1,754 square foot facility to serve as a visitor center and trailhead/restroom facility for users of the Tobacco Heritage Trail. The Depot location is on the NR&D segment in the prioritized Phase 1 development plan for the THT and will provide access to 17 miles of contiguous trail system that is currently available to users. An economic impact assessment included with the application estimates 17 direct jobs will be created from the Phase 1 NR&D trail development as a result of increased visitor spending. The request to the Commission includes \$8,350 for purchase of ten bikes and related equipment for the Town to establish a bike rental business which the applicant explained is intended to provide a source of revenue to assist with operation of the Depot. TICR Staff suggests that this is a commercial activity that is better handled by attracting a private entrepreneur to rent space in the depot to serve trail users, which is more consistent with the overall objectives of the trail system to attract users who spur further private sector economic development. This is the first application the Commission has received from the Town of Brodnax; however, there have been several past awards totaling \$1.29 million (primarily to Roanoke River Rails to Trails) supporting master planning, and engineering and construction funding to match VDOT awards for development of the Tobacco Heritage Trail. This request is consistent with other recent SSED grants to establish trailhead facilities including the

Turntable Park & Outdoor Center in Lawrenceville and the Prospect Depot in Prince Edward on the High Bridge Trail. This project includes a detailed construction estimate and is well leveraged (assuming a VDOT award); it initiates redevelopment of an old downtown area currently lacking of commerce activity, and provides a facility for visitors to access existing trail assets. **Staff recommends award of \$121,030 (excluding the bike and related equipment purchases), contingent on approval of funding by VDOT.**

Brunswick County IDA
Rawlings I-85 Exchange WWTP (#2976)
\$622,118.00 requested

Executive summary provided by applicant: This project is to provide sewer service in an area of the County where there has been substantial new private investment over the past four (4) years and plans are underway for further industrial growth and development. This area of the County is not currently served by water and sewer lines that are part of a larger system. So with this project a concrete packaged WWTP will be designed and installed. The WWTP will be designed such that its capacity can be easily increased to if needed to serve new growth. The clustered business in this area/the Rawlings exchange right off I-85 are currently served by an old privately-owned aerated lagoon and chlorination/dechlorination disinfection facility that is outdated and overloaded and DEQ has given notice that a new system is required. Brunswick County is working in partnership with the Davis Travel Center to promote the growth of a cluster of industries in this location. This will be inter-related industries with high-value (distribution/logistics) and low-value (service and retail) added employment.

The installation of the proposed packaged WWTP will address the immediate need for improved sewer service; while also being sufficient to serve new growth in the area until the County can design and build a more substantial W&S system to serve this area of the County. The current cluster of businesses at this location employ 69 people and generates significant tax revenue for the County. The businesses are economic exporters in that they bring new money into the community primarily from travelers passing through or visiting. With the investment made by Davis Truck Center about four (4) years ago, an investment of \$3.0 million plus, commerce at the Rawlings I-85 exchange location grew greatly. Davis expects to add 25 jobs within a year and 100 jobs within two years. Additionally, the County and Davis Travel Center will be working in partnership to attract distribution/logistic industry.

Staff comments and recommendation: Grant funds are requested for 90% of engineering and construction costs for a packaged wastewater treatment plant to serve commercial businesses in the Rawlings I-85 area on the north eastern side of Brunswick County. An existing failing system is privately owned by Davis Travel Center. This proposal is for a publicly owned system to be installed which would serve Davis and provide expanded capacity for projected growth opportunities including expressed expansion plans by Davis for the addition of 25 jobs within a year and 100 jobs within two years. Staff has inquired with the IDA on size of existing treatment facility compared to proposed WWTP, current usage and planned capacity, plans for ownership and operation, ownership of the site, and rate structure and cash flow analysis. The IDA has indicated a need for additional time for planning of this facility and in order to respond to questions from Commission staff and is in agreement with the project being tabled. **Staff recommends this request be tabled.**

FRANKLIN

Town of Boones Mill

Boones Mill Industrial Park Revitalization Project (#2969)

\$238,280 requested

Executive summary provided by applicant: The town has acquired a 62 acre abandoned manufacturing site from North American Housing Corporation. There are multiple dilapidated buildings on the property. The town's goal is to upfit the best manufacturing structure (Building 2 Section A) to accommodate two companies willing to relocate to Boones Mill. A preliminary Architectural Feasibility Report prepared by Hurt & Profit (p 19 attached) estimate the cost of upgrading the 54,496 SF structure to be \$8 per square foot or \$435,968. The Town proposes to undertake this improvement with assistance from this program in the amount of \$238,000 (55% of the total project cost). This project will begin the process of reversing the economic damage created by the closing of North American Homes and the loss of 160 manufacturing jobs. This effort is the beginning of a significant revitalization project for the 62 acre Industrial Park. The town has obtained letters of commitment from two companies to locate in the Boones Mill Industrial Park. Private investment of the companies will be \$910,000, 24 jobs will be created, with wages ranging from \$20 to \$34/hour. Following the Master Plan for the Boones Mill Industrial Park funded by the Tobacco Commission, the town will pursue additional funding options. A 0% interest loan has been committed from DEQ to replace a critical sewage pump station at the industrial park totaling \$491,000 (documents attached). The improvement to Building 2, Section A are identified in the Preliminary Architectural Feasibility Report. Page 19 of the Architectural Feasibility Report estimates to upfit of Building 2, Section A to cost \$435,968. This project will enable 2 manufacturing companies to begin operations in Boones Mill. This will open the door for future investment. A history of success is being started at the industrial park. Tobacco Commission projects are lead catalyst for the advances. The project follows the Master Plan for the Boones Mill Industrial Park funded by the Commission and this project to upfit building 2, Section A are significant. The governing body established a goal to complete a \$5 million community revitalization at the Industrial Park. The Town has a conditional CDBG Planning Grant for a neighborhood adjoining the industrial park. DEQ is financing \$491,000 upgrade to the Park's sewer system. \$212,000 Map 21 grant contributes to safe access at this Park.

Staff comments and recommendation: The available allocation in Franklin County is requested by the Town for renovations to Building 2 at the Boones Mill Industrial Park in order to accommodate two active prospects. The Commission previously awarded a \$100,000 grant to the Town of Boones Mill in January 2012 which supported costs for master planning and demolition and structural renovations at this same industrial park property. The project would result in 40,000 square feet of space to be leased by the two companies who are expected to create a combined 24 new jobs and \$910,000 private investment. Additional space would remain available in the building on the bottom floor and second floor to accommodate other prospective light manufacturing companies in the future. The proposed project costs of \$435,968 is based on estimates to update the building which were provided in a Preliminary Architectural Feasibility Report produced by Hurt & Profitt several years ago. The construction quotes have recently been updated and show that project costs have risen to approximately \$600,000. The Town indicated plans to restructure and refinance its existing loan for this property (present outstanding principal owed is \$164,460) to provide the additional matching funds for the renovations. The application also identifies an approved \$491,000 loan from DEQ for a new sewer pump station to serve the industrial park. Franklin County has provided a letter of support for the project. **Staff recommends award of \$238,280.**

GREENSVILLE

Greensville County

Potable water storage - Exit 4 (#2974)

\$42,865 requested

Executive summary provided by applicant: The Greensville County Water and Sewer Authority provides potable water to commercial developments at Interstate 95 exit 4 through a well system. As more developers locate at the interchange the system needs certain appurtenances to continue to provide a reliable source of water. A 10,000 gallon storage tank would provide reliable source for potable water during peak flow condition and prevent well pump failure alarms, which require immediate attention by the maintenance staff at all hours. Previous Tobacco Grants have been used to develop and connect additional wells to the water distribution system at I-95 interchange 4, increasing the daily water supply for commercial developments. While the daily water use is not at a level to warrant the costly construction of a water line from the treatment plant in the northern portion of the County, reliable water delivery is a priority for this interchange. The GCWSA needs to be able to provide adequate water supply during peak flow conditions for existing and future development. The additional wells provided a steady amount of water for commercial use, however in order to provide reliable water supply during peak flow conditions the Authority needs to install a 10,000 gallon storage tank for finished water supply. The tank will ensure supply during the high use periods of the day as well as eliminate the well pump failure alarms that often require maintenance staff attention at all hours of the day and evening. I-95 exit 4 is the first exit in Virginia. Due to several tax differences between North Carolina and Virginia this exit is becoming more and more developed. The County has been approached by a restaurant franchise expressing interest in building at the interchange. The wells will provide the water necessary for the development however with no storage we cannot guarantee the water supply will be available during peak hours. The installation of a water storage tank will lessen the risk for the developer and provide assurance to the Authority that their customers are provided for at all hours of operation.

Staff comments and recommendation: The full amount of Greensville County's allocation of \$42,865 is requested for continuing build-out of the public water system at Interstate 95's Exit 4, a commercial development corridor just inside the Virginia state line. Previous grants from the Southside committee have provided a total of \$174,909 to support water and wastewater systems at this location. This project will provide for a 10,000 gallon storage tank to accommodate a new business announcement. The County has made reliable water delivery at this interchange a priority for use of the Southside economic development allocation over the last several years, and resulting development includes two sizable gas/convenience/truckstop developments. A restaurant franchise has also expressed interest in building at this interchange. The water storage system supported by this request is estimated to provide for five additional commercial businesses at this interchange. While this water system development clearly supports retail commercial businesses, those businesses rely predominantly on sales to out-of-state travelers, which "imports" those dollars to the tobacco region economy and tax bases. **Staff recommends award of \$42,865.**

MECKLENBURG

Mecklenburg County

Microsoft Ridge Road Upgrade Project (#2968)

~~\$1,064,957 requested~~ \$1,152,704 revised request

Executive summary provided by applicant: Microsoft located in the Boydton Plank Road Industrial Park in August 2010 and has since undergone several expansions. Buildings #1 through #5 have been constructed with a total of 90 jobs created to date. The construction of Building #6 has been announced and will create an additional 90 jobs with a private investment of \$350,000,000. Discussion between the County and Microsoft resulted in the critical need to upgrade Ridge Road which is currently providing an alternative entrance into the Boydton Plank Road Industrial Park; this entrance is more accessible to the location and planned construction activities associated with Building #6. Ridge Road, a 2-mile gravel road, is utilized multiple times daily by Microsoft personnel, construction crews, and business associates. As a result, the road has developed annoying pot holes and traveling conditions are worsening. Discussion with Microsoft Executives resulted in the company's request that the road be repaired and paved in an effort to facilitate the daily repeated use of the road. Future company expansions over the next five years are contingent upon the upgrade of Ridge Road in providing an alternative entrance into the Industrial Park and convenient accessibility to the future location of Building #6. The upgrade of Ridge Road will greatly improve road conditions for Microsoft construction crews, company personnel, and business associates. Microsoft is in expansion mode and construction plans for Building #6 are underway. The County's commitment to repair and upgrade Ridge Road was a key factor in Microsoft's decision to proceed with expansion plans. The road is heavily traveled which has resulted in its current state of disrepair. The upgrade of Ridge Road will facilitate strategic proximity to Building #6 and will provide an alternative entrance route into the Boydton Plank Road Industrial Park. The continued expansion of Microsoft through the construction of Building #6 will create an additional 90 jobs with a private investment of \$350,000,000; this expansion not only benefits the citizens of Mecklenburg County but also citizens located in the nearby counties of Halifax, Charlotte, Lunenburg, and Brunswick. New development also results in the creation of well-paid construction jobs, extraordinary taxable retail sales during construction, and significant ongoing property tax contributions that will ultimately lower the tax burden for other taxpayers.

Staff comments and recommendation: The entire amount available in Mecklenburg County's allocation is requested to support road construction necessary to accommodate construction traffic to the Microsoft facilities. The increased request amount represents additional funds that became available after the application deadline following close-out of an older grant award to the County. The applicant identified that Commission funds will be matched by \$2.6 million through the VDOT Revenue Sharing program for estimated costs for widening and paving of 2-miles of Ridge Road to serve as an alternate entrance to the Boydton Plank Road Industrial Park that is occupied by Microsoft's data center. Investments announced to date by Microsoft exceed 1.3 billion dollars, and as those expansion phases of the Microsoft facility in continue to move forward, construction traffic is already being routed off of Route 58 onto Ridge Road. The road improvements are necessary to accommodate increased construction traffic for future phases, which Microsoft does not allow for security reasons at the data center's main entrance off Route 58. **Staff recommends award of \$1,152,704.**

PITTSYLVANIA

Town of Chatham

Chatham Water Treatment Plant Improvements (#2967)

\$437,075 requested

Executive summary provided by applicant: The Town of Chatham treats and distributes potable water to industry, commercial and residential customers. The water system suffers from drought management issues from unregulated releases of the Cherrystone and Roaring Fork Reservoirs. Water from these Reservoirs flows into Cherrystone Creek which is the sole raw water supply source for the Town. There is no capability to monitor and automatically regulate the releases of water from either reservoir. Additionally, there is no means to release water from Roaring Fork Reservoir during drought. The Town wishes to make necessary improvements at both reservoirs and replace the intake structure at the WTP. The goal of this project is to address the current needs of the Town's water supply system during times of drought. Current infrastructure has become unreliable at offering continual supply of source water to the WTP due to limited operational flexibility at the reservoirs and advanced deterioration of the WTP intake structure. This is a greater concern during periods of drought. To meet minimum flow requirements in Cherrystone Creek mandated upon installation of a new intake structure, the availability of water will be further decreased. This condition in combination with a critical drought will result in severe water shortage. Drought control will be provided by incorporating monitoring equipment at the Cherrystone Reservoir outfall structure, and sluice gates with automatic gate valve actuators to control releases via the existing SCADA system to match minimum instream flowby requirements for aquatic protection and minimum release for operation of the WTP. A lower level sluice gate with a manual gear valve actuator will be added onto the Roaring Fork outfall structure to access storage during drought. The existing intake will be replaced with a t-screen equipped with an air burst cleaning system. Repairs to the downstream check dam will also reduce excessive seepage. A reliable raw water supply is critical for retaining and creating new jobs in the area. Industry and commercial businesses in this area are highly dependent on uninterrupted water service. Given the new regulated flowby requirements that will be imposed on the Town upon replacement of the intake structure, this project will provide increased assurance that water demands during the next serious drought will be met.

Staff comments and recommendation: Funds are requested to support 50% of \$874,150 project costs for water system improvements to address drought supply planning. This total includes \$205,150 for reservoir improvements providing for ability to access additional water storage during times of drought, \$499,422 for replacement of the raw water intake structure identified to be past the useful life (90 years old), and \$169,578 for Contractual costs including engineering. The Commission provided a \$489,872 grant to the Town in May 2011 supporting improvements to the Water Treatment Plant to address compliance issues related to reliability and safety issues of the treatment process. The Town has identified that its water treatment plant currently operates well below its 1.4 MGD permitted capacity due to system limitations. Based on newly imposed flowby requirements by DEQ modeling estimates identify ~ 0.65 MGD safe yield, without making improvements, providing 0.45 MGD current production volumes and 0.20 reserve capacity. The requested improvements would provide for 0.80 to 0.90 MGD reserve capacity addressing drought supply planning for existing customers and providing available capacity for future development. The Town identified that industrial and commercial customers, employing over 850 persons in the area, account for 75% of the current water usage. The application points to the 300-acre undeveloped Cherrystone Industrial Park as being within the water systems service area and the additional capacity being necessary in order to serve this park. Supplemental information from the Town also identified recent interest in development of agricultural businesses near the Olde Dominion Agricultural Complex, with high water demands that, along

with other potential user demands, are expected to exceed the stated reserves. Current rates for a typical 5,000 gal/month user in the Town is \$23.75 (the last rate increase was in May 2013), compared to \$28.34 average water rates published in the *Virginia Water and Wastewater Rate Report 2013* by Draper Aden Associates. Based on the FY13 annual financial report, the Town's outstanding debt on water and sewer is at \$1.6 million (the majority of which is scheduled to mature in 2033); and the Town has identified that existing reserve accounts to support water and sewer system costs have a balance of \$689K. The Town clarified that a loan application has not yet been submitted to the USDA, as they are working with a number of lenders to establish the most desirable loan package depending on available grant funds. While replacement of the raw water intake structure appears to be a cost that should be budgeted locally for replacement for maintaining the current system infrastructure, the costs for the improvements to the reservoir directly relate to increasing available capacity to serve future industrial users. **Staff recommends award of \$205,150 to support the improvements to Cherrystone and Roaring Fork Reservoirs as described in the PER.**

Pittsylvania County

Pittsylvania County Career & Technical Center - Industrial Maintenance Technology Program (#2970)

\$721,983 requested

Executive summary provided by applicant: This proposed project will help create a pipeline of skilled workers that are required for a successful advanced manufacturing industry by beginning a college level dual enrollment program at the Pittsylvania County Career & Technical Center in Industrial Maintenance Technology, that can be completed at Danville Community College. The grant funds will be used to purchase Industrial Maintenance training lab systems, educational training guides and other tools and equipment. The overall project also includes facility upgrades necessary to accommodate the new program at the existing Technical Center and Professional Development for educational staff. The project includes 22% in matching funds. A recent study completed for the Tobacco Commission by the Boston Consulting Group, entitled Developing an Advanced Manufacturing Workforce for Virginia's Tobacco Region, points out that there is a significant skills gap in our area in the category of medium-skilled workers. A large portion of this labor gap is in the area of Industrial Maintenance. Our area of the State has historically depended on lower skilled workers in traditional low-tech manufacturing. In order to prosper, our region needs to be able to attract and accommodate Advanced Manufacturing, and we need a skilled Industrial Maintenance workforce for new and expanding industries. The Career and Technical School level is the start of the skilled workforce pipeline that is necessary to address the skills gap and provide the workforce that is necessary for a successful advanced manufacturing industry. Pittsylvania County has worked with Danville Community College to develop a dual enrollment program that gives high school students the option to (1) be workforce ready for entry-level jobs at graduation, or (2) be able to earn a two-year degree with only one additional year of coursework at DCC. Both options include industry-approved coursework with hands-on training labs and provide industry credentials. Our business community has reported difficulty in finding skilled workers in the field of Industrial Maintenance. Regional studies have confirmed the need for skilled workers to help transition the economy within Southern Virginia. This proposed grant will help provide the specialized training in Industrial Maintenance that can not only boost local employment but can also create a pipeline to college and industry credentials that will create a pool of ready workers, helping attract new high-tech and advanced manufacturing industries. This program at the Career & Technical Center and DCC will be a key part of our industrial recruitment efforts.

Staff comments and recommendation: Funds are requested to equip Industrial Maintenance Technology training areas in two tracks (mechanic and electrician) for the Pittsylvania County School System in order for high school students to begin taking dual enrollment courses through Danville Community College. Students who complete the program will have one year of credits towards the two-year *Associate of Applied Science Degree in Integrated Systems Technology*. The Commission provided a \$787,690 grant in May 2013 that supported equipping the school system's Career & Technical Center for a Precision Machine Technology dual-enrollment program offering. This previous grant and the pending request both are focused on putting students on a pathway to a college credential and employment in careers that are in current demand from existing employers and that are identified in the Boston Consulting report as an area of shortage that must be addressed in order to attract advanced manufacturing companies to the region. It is noted that this project would be eligible for funding consideration under the Commission's competitive Education program where advanced manufacturing is a stated priority; however, under the Education program the project would be required to provide at least 50% Match, whereas the Southside program only requires a minimum of 10% Match. This project provides ~ 17% Matching funds from the County and the school system for facility upgrades, computes, furnishings and supplies and from DCC for donated equipment and instructor training. (The valuation of equipment from DCC was reduced during the review period for the proposal.) The request includes \$7,300 for the purchase of 300 "student reference guides" which are classroom references specific to the equipment items. Items listed in the budget under miscellaneous tools & supplies were confirmed to be longer lived assets and not annual consumables. The Commission's guidelines for the Southside program's eligible projects include support of programs and facilities to provide workforce training. Given the County's priority for use of the Southside allocation for development of this education program and the alignment with the Commission's focus on attracting advanced manufacturing companies to the region, staff is supportive of the project with the proposed level of Match. **Staff recommends award of \$721,983.**

PRINCE EDWARD COUNTY

Town of Farmville

Regional Aquaculture Processing Facility (#2972)

\$194,000 requested

Executive summary provided by applicant: Initially, the primary objective of this project is to establish a processing facility for aquaculture products. The Town of Farmville will own the USDA approved mixed-use manufacturing complex and develop a lease to purchase agreement with the Virginia Aquaculture Network to buy the building in 5 years. Approximately 4,000 SF will initially be dedicated for processing and further processing of fish and shellfish serving Southside and Southwest Virginia producers. The unfinished 6,000 SF will be available for future growth (ie: fruits vegetables and other agriculture related value-added products processing). Aquaculture is the fastest growing sector of the agricultural economy in the United States who imports over 80% of the seafood it consumes. Imported products arrive with little oversight for food safety, ecological impacts and social issues. This large seafood trade deficit is in stark contrast to the other food proteins we grow in the United States, chiefly poultry, beef and pork. Producers throughout Virginia are in need of a facility where they can bring their aquaculture and other agriculture-related products to be processed in a USDA-approved facility for local, regional, state and global export sales. The facility will be centrally located to the existing 20+ producers and will reduce their travel time and associated

expenses to a USDA-approved processing facility. It will also offer quick freezing processing that offers two significant advantages over standard freezing methods: freezing products in seconds instead of over 10 to 60 minute time periods preserves the texture of the product making it similar to a fresh product in terms of overall quality, and IQF freezes each piece of fillet or shrimp tail individually so they do not clump together. These advanced methods will enable further marketing opportunities for the producers. The benefits are increased opportunities for regional producers, local job creation, job retention, provide a significant economic impact to the region and enable opportunities for other value-added products to expand to this location and utilized as a mixed-use manufacturing complex. Another advantage is partnering with Virginia Tech's research & development department enabling training opportunities for "potential" young producers. The educational component will assist marketing ventures for local producers in hopes of contributing to Virginia's export market.

Staff comments and recommendation: Essentially the full amount of Prince Edward County's allocation is requested to support a portion of the costs for construction of a new building to serve as an aquaculture processing facility. In addition to funding toward construction of this building the Town has also submitted a \$398,500 application to the Commission's Agribusiness program for funding to equip the aquaculture processing facility. The project is intended to benefit a private cooperative farmer group, the Virginia Aqua-Farmer Network (VAN) and would be operated by another business entity identified by the name Heartland Food Center. VAN has been supported over the past five years by two Agribusiness grants totaling \$285,000, which has provided funding for operational support and marketing, equipment, and \$28k of cost-share to eight members. This application would benefit the same private partners that were approved for TICR funding to the Charlotte County IDA in January 2014, for development of this proposed food processing facility at Heartland Industrial Park, but the project is no longer considering a site in Charlotte after the County and VAN could not reach agreement on building lease terms. This proposal originally indicated the intention to construct a 10,000 square foot facility, including 6,000 unfinished square feet that would be built to provide available capacity for future vegetable production. However, the Town has provided a revised contractor quote to construct a 4,750 square foot facility for an estimated \$500,000 (1,750 sq. ft. of office area and 3,000 sq. ft. processing area) that would accommodate VAN's immediate plans. The source(s) of the non-Commission funding for the remaining \$306,000 has not been secured (the proposal indicates that an application may be submitted to AFID, however, even with a maximum AFID facilities grant of \$250,000 this still leaves costs for which the funding source is not identified). The proposed site for construction of this building is identified as a 5.3 acre parcel off Industrial Park Road. Staff asked the Town to provide an estimate for site development costs from a third-party engineering firm, but Town staff indicated they plan to handle this as an estimated \$43,500 in-kind contribution for site preparation (including tree removal), water line extension, sewer extension, and power. A plat for the 5.3 acre parcel shows the entire parcel as covered with wetlands and being the site of a former sewer lagoon. Staff has concerns that the site development estimate from the Town does not address the issue of their being wetlands on the property, nor is it clear whether costs are budgeted for meeting other requirements including stormwater management and erosion and sediment control. Staff also has concerns as to whether the (wetland) soils would be suitable for development which is a development issue that is typically verified by the engineering firm. The proposal identifies plans for entering into a five year lease-to-purchase agreement with VAN, which staff points out would require approval from the Commission per the Sale or Encumbrance; Security Interest clause of our standard grant agreement. **Staff recommends award of \$194,000, contingent on the town engaging an engineering firm to address site development requirements including wetlands delineation, geotechnical assessment of soil suitability, stormwater management, etc.; and contingent on the Town securing financing no later than September 1, 2015 for construction of the building.**

OTHER BUSINESS

Brunswick County

Byways Visitor Center (#2192)

Request for Extension

This grant for \$458,375 was awarded in October 2010 to support costs for building renovations, site improvements, exhibit design, and signage for a new full service visitor center on Highway 26. The project is matched by a \$638,479 National Scenic Byways Project grant from the Virginia Department of Transportation as well as \$100,000 contributed by Brunswick County. The County is requesting an extension due to delays in staff changes at VDOT, review requirements and additional tests and studies that were required. County personnel first notified Commission staff of the need for an extension during a site visit in March 2014; and have since provided a detailed project schedule to support the request. Plans for the facility are 99% complete and will be submitted to VDOT for approval in January 2015. The bid opportunity is expected to be advertised in May 2015, with construction scheduled to begin in August 2015 and completed at by July 2016. A total of \$107,022.46 in TICR grant funds have been disbursed for design costs with a balance of \$351,352.54 remaining in the project account. **Staff recommends approval of an extension through June 30, 2016.**

Pittsylvania County

Berry Hill Reg. Mega Park – Water Infrastructure (#2198)

Request for Extension

Pittsylvania County requests a one year extension of grant #2198, which was approved for \$1,192,500 in October 2010, to complete engineering of the water system to serve the Berry Hill Industrial Park. This involves a section of water system upgrades that has not been engineered as all infrastructure has been delayed due to at least two factors. First, this final section of water engineering was not completed because a significant prospective industry was considering the site for several months and had proposed on-site water treatment, negating the need for the as-yet-undesigned connection to the City of Eden's supply. This industry ultimately did not locate on the site, so the Eden connection needs to be designed to complete the original project. Secondly, the County's engineering firm for the water system was redeployed to focus on the additional engineering and submittals required by the Army Corps of Engineers permit. This heavily revised permit has been submitted and the engineers can now focus on completing the water engineering project. The County is awaiting confirmation from its engineering contractor that this work can be completed in one year. The system engineering is critical to having fully designed utility service for this TICR-funded megapark. **Staff recommends a one year extension to October 31, 2015.**

Halifax County IDA

Riverstone Site Ready Development (#1724)

Request for Extension

This grant for \$2,000,000 was awarded funding in October 2008 for pad grading, sewer and electrical utilities. The majority of this work has been completed and the \$175,084.66 remaining in the project account is to support costs under a \$400,000 not-to-exceed contract with Dominion for engineering and permitting

of a new electrical transmission line. In May 2012, the Southside committee approved an extension through October 2014, which was requested due to delays with the Corps of Engineers as the proposed location of the line ran through federally owned lands surrounding Kerr Dam and Reservoir. In July 2014, the County provided staff with a letter requesting a 7th year extension through October 31, 2015 to allow completion of this contract. At that time, it was reported that the IDA and Dominion were required by the Corps to abandon the original planned routes from the east, and from then they began work to identify viable routes from the west. The best route option (Route N) from the west has been identified. Remaining grant funds are intended to support costs to survey the route's path, and make final adjustments to the alignment and to generate a construction design. However, survey work is currently on hold until Dominion has received permission from the landowners to access the land, which the IDA noted will be easier to accomplish when they have a prospect that needs redundant power. The IDA is currently in early stages of negotiations with such a prospect and is expected to know more by end of February 2015. **Staff recommends approval of an extension through October 31, 2015.**